



Economic Impact Analysis Virginia Department of Planning and Budget

24 VAC 20-50 – Rules and Regulations for Motorcycle Rider Safety Training Center Program

Department of Motor Vehicles

December 14, 2004

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.G of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The Department of Motor Vehicles (DMV) proposes to repeal these regulations.

Estimated Economic Impact

The motorcycle rider safety-training program was implemented in 1984 through the RFP process. At that time five community colleges submitted proposals and were accepted into the program. Under the program training centers, such as community colleges, receive funding from the Commonwealth to provide motorcycle safety courses. From 1984 until 1997 DMV met with other community colleges around the Commonwealth and through written contract agreements implemented the program at eight additional community colleges. In 1997, DMV issued another RFP soliciting proposals to continue the program. Currently, there are 18 training sites statewide.

Chapter 734 of the 2004 Acts of Assembly produced numerous amendments to Sections § 46.2-1188 through § 46.2-1192 of the Code of Virginia (Code). One particularly important change allows training centers to offer approved motorcycle safety-training courses without having to compete for the limited number of contracts available through the RFP contracting process. The amended Code enables training centers to gain licensure to offer approved courses by meeting DMV requirements. Included among the requirements is certification of instructors. This has the potential to create a significant benefit for the Commonwealth. According to DMV, motorcyclists in certain parts of the Commonwealth have to wait several months in order to take a motorcycle safety-training course. At the same time, motorcycle dealerships have expressed the desire to offer safety-training courses, potentially without contracting for funding from the Commonwealth.¹ Since there are currently long waits for motorcyclists to obtain safety training, it seems likely that some individuals would be willing to pay a higher fee to get training sooner. The cost of the training may soon be paid for by lower insurance costs.

DMV proposes to repeal these regulations. DMV states that the amendments to the Code make these regulations redundant, thereby necessitating their repeal. But the Code leaves many requirements for licensure and certification to be set by DMV. If complete requirements are neither established in the Code or in regulations, the public will be left uncertain as to what those requirements are. DMV's spoken or written requirements could potentially change on a day-by-day basis. Additionally, if the requirements are neither established in the Code or in regulations, they will not be backed by the rule of law.²

The lack of complete concrete requirements in either the Code or in regulations increases risk for those considering whether to offer state-approved motorcycle rider safety-training courses. Those considering offering approved courses must compare the expected costs of meeting licensure and certification requirements with the expected benefits. If the potential training centers are uncertain about what needs to be done to receive and maintain licensure, they cannot accurately estimate the cost of receiving and maintaining licensure. Additionally, they

¹ Source: DMV

² Under Virginia's Administrative Process Act, a "rule" or "regulation" is defined as "any statement of general application, having the force of law, affecting the rights or conduct of any person, adopted by an agency in accordance with the authority conferred on it by applicable basic laws." An agency's statement of general applicability that is intended to have the force of law becomes an "unlawful de facto rule" if it is not promulgated as a regulation (c.f., e.g., Virginia Board of Medicine, et al. v. Virginia Physical Therapy Association, et al., 413 S.E.2d 59).

cannot be confident that they will be able to receive and maintain licensure. Thus, this uncertainty significantly raises expected costs for potential training centers and will likely discourage the establishment of some motorcycle rider safety-training courses that otherwise would have come into being. This will reduce the availability of safety training for motorcyclists.

Businesses and Entities Affected

The proposed repeal of the regulations affect training centers, potential training centers, motorcyclists, and all individuals who drive where motorcyclists drive. Currently there are 18 training centers in the Commonwealth.³

Localities Particularly Affected

The proposed repeal of the regulations affects all Virginia localities.

Projected Impact on Employment

Enabling businesses, schools and organizations to gain licensure to offer approved courses by meeting DMV requirements can potentially lead to additional courses being offered, consequently requiring additional instructor hours. This would increase instructor employment for motorcycle rider safety-training courses. The proposal to repeal these regulations and to not specify complete licensure and certification requirements will potentially reduce the amount of additional courses offered. Fewer additional courses offered would produce less potential for increased employment.

Effects on the Use and Value of Private Property

Allowing entities to offer approved motorcycle safety-training courses via licensure and certification, rather than limiting approved course providers to those that compete for the limited number of contracts available through the RFP contracting process, will likely result in some businesses, schools or organizations such as motorcycle dealerships to offer motorcycle rider safety-training courses who would not have otherwise.

Repealing these regulations and not specifying complete licensure and certification requirements will increase risk for those considering whether to offer state-approved motorcycle rider safety-training courses. Those considering offering approved courses must compare the

expected costs of meeting licensure and certification requirements with the expected benefits. If the training centers are uncertain about what needs to be done to receive and maintain licensure, they cannot accurately estimate the cost of receiving and maintaining licensure. Additionally, they cannot be confident that they will be able to receive and maintain licensure. Thus, this uncertainty raises expected costs for training centers and will likely discourage the establishment of some motorcycle rider safety-training courses that otherwise would have come into being.

³ Source: DMV